

# **EXHIBIT A**

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## Executive Summary - We are fine-tuning Android Search Rev share (ex Samsung) to protect Google from key strategic risks

### Update: RSA spend and enrollment behind the target we set with 2016 BC approval

- 2016 BC approval targeted 85% Android base coverage at ~15% of Total Search Distribution Revenue via Android. Due to device by-device nature of the deal, we are (1) not getting protection on some devices and (2) getting very limited traction in the "bonus" tier that is supposed to align OEMs with Google's xPA priorities

### Since 2016, Android dynamics changed and we have higher exposure of Search and Play revenue than before

- Chinese OEMs and Samsung are actively investing in creating own app and services ecosystems: Microsoft and Amazon pursuing distribution deals on devices not covered by RSA; and Android market share is under pressure in developed carrier led geos

### Ask: [REDACTED] 2023 across Search and Play for carriers and non-Samsung OEMs to secure platform protections for Search, and Play and critical apps protections on more devices

- Introduce a new platform tier of RSA to secure browser defaults and assistant DHS exclusivity & gesture at scale
- Offer up to [REDACTED] (steady state) in addition to the bonus tier of current RSA to secure Play exclusivity, Android upgrades, and distribution for critical apps (Comms suite, Pay, Photos, Gmail, Gcal, Discover suite)
- Offer additional [REDACTED] of Search & Assistant revenue share to most strategic partners (for total [REDACTED] for [REDACTED] and [REDACTED] for carriers) to incentivize clean UI devices with full set of Google apps

Note: Total Search Distribution Revenue via Android Forecast Includes Non-RSA Partner Dist. Rev

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## Since 2016, ecosystem dynamics have changed and competition has increased. Gaps in coverage exist.

- 1 Search and Assistant
  - EC ruling created opportunity for rivals to secure full Search exclusivity on devices in EEA
  - Microsoft and Amazon actively pursuing deals for Bing/Alexa on devices not covered by RSAI (e.g. Bing is a default search on Xiaomi & Vivo in India; Alexa is prominent on LG/ Moto Prime phones)
- 2 Play / Android
  - Chinese OEMs have alternative stores preloaded on ~80% of Android devices, and have a meaningful overlap with Play offering; Huawei working on their own OS
  - Samsung ramped up investments into their own store with S10 launch
  - If Play is less relevant for OEMs, MADA protections may be at risk (leading to higher TAC)
- 3 Other apps
  - Chinese OEMs have ~90% services overlap with GMS apps and are at an inflection point on expanding their services outside China & India
  - iOS users expect cohesive set of services incl. Messages, Photos, Music, Mail, etc. and view lack of unified offering on Android as a deterrent for switching
- 4 Android reach [Carriers]
  - Android share is under pressure in US (lost 6ppt in 2018; 2% DAU decline), and developed markets where most of the last year Android gains were driven by Huawei; Huawei ban puts ~250M shipments at risk over 2yrs

NOTES: 1) Based on MagicEye study of Android One devices, controlling for user, device, and geo

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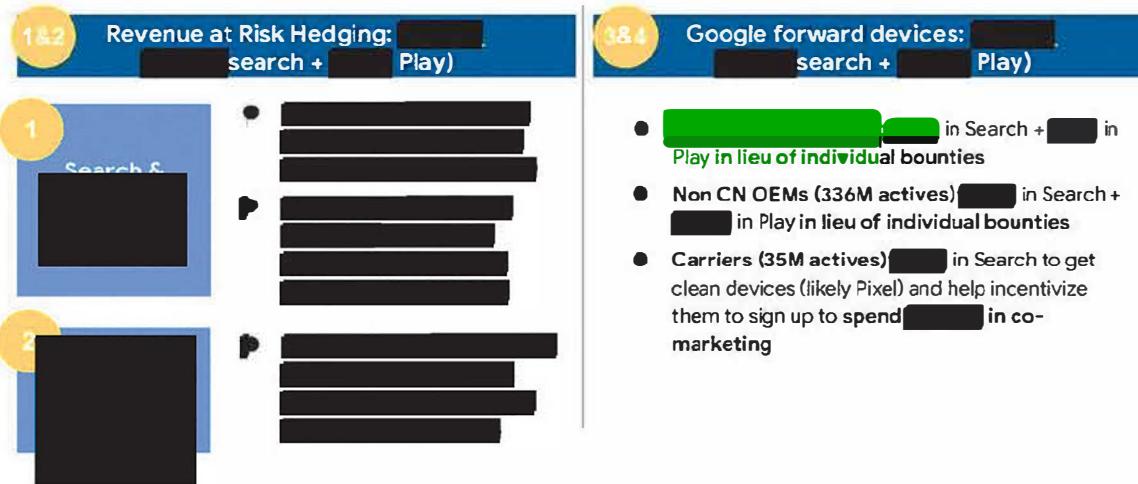
**OEMs: We are proposing a 3-tiered deal framework that can be customized for individual partner via the fallbacks:**



## OS Upgrades and Play Exclusivity

Google approves the UX/SW experience, subject to change by Google, which today includes: deep integrations for Assistant, Clean UI, Defaults/exclusivity for Comms, Pay, Photos, News/Podcast, Gmail, GCal)

## How are we spending the [REDACTED] in 2023: Protecting Search, Assistant, Play and getting 483M clean, Google forward devices



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### Strategic

Aligns rapidly growing CN OEMs with Google before they pass the pivotal moment in 1P services growth (e.g. Xiaomi generated [REDACTED] revenue from 1P services and ads in IN/ID)

Promotes Android and Google by advancing cleaner, more secure, fresher UX

### App efficiency

Per device\*\* and operational savings by consolidating standalone bounties:

Xiaomi: GFD is [REDACTED] more expensive than app bounties, but adds Play, Clean UI, Photos, Gmail and Gcal protections

LG: [REDACTED] savings per device after 2020 (GFD is \$0.1 more expensive vs. app bounties until button deal runs out)

Other non CN OEMs: [REDACTED] savings per device (incl. HW button)

### Additional potential upside (not part of the deal model)

[REDACTED] in marketing by carriers (might require additional 1-2 HC to manage)

3-5pts revenue uplift for Google Forward devices via Search & Play

Clean devices are 15-20% more likely to attract iOS switchers

## Sensitivity Analysis of exposed revenue in 2023F under current market dynamics

Risk Vector	Low End Risk (2023F)	High End Risk (2023F)	Max At-Risk (2023F)
Search in 3P Browser	3P browser in hotseat from Chinese partners <sup>1</sup> point to rival, with full Firefox-level organic winback <sup>2</sup>	3P browser in hotseat from Chinese partners <sup>1</sup> point to rival, with [REDACTED] of Firefox-level organic winback <sup>2</sup>	3P browser revenue in hotseat with 0% winback
Search in Europe	Rivals buy-out [REDACTED] of Xiaomi devices in EEA, equal to non-RSA 2.0 devices <sup>3</sup>	Rivals buy-out 30% of Chinese OEM devices in EEA	All GDAF partner EEA revenue
Play on CN OEMs	Chinese partners' secure [REDACTED] of Play revenue (low-end usage % of <u>Apptoid</u> , Oppo)	Chinese partners' secure [REDACTED] of Play revenue (high-end usage % of Apptoid, Vivo)	Chinese partners' secure 100% of Play revenue

Notes: 1) Chinese OEMs include Xiaomi, Oppo, Vivo, and Lenovo. 2) Organic recovery after Firefox search default change was ~45-55% on U.S. desktops. 3) Xiaomi in Q1 '19 enrolled ~70% in RSA 2.0

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Other OEMs includes rampdown from Huawei RSA devices

## Search Model Assumptions

### Underlying Assumptions

- Revenue team's distribution revenue forecast [REDACTED]

P [REDACTED] Huawei's revenue momentum expected to leave Android

Huawei Re-allocation of Revenue			
iOS or Other Non-Android	Samsung	Xiaomi	Other Smaller Android OEMs
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

### Status Quo

- % of Distribution revenue for each OEM continues historical trend, with maximum [REDACTED] of revenue under RSA (except for Asus, Lenovo, and HMD)
- Historical TAC rates (ratio split between Base and Bonus are maintained), with maximum of 12% and minimum of 8% (except for Sony and Asus which have a Bonus 16% TAC rate from RSA 2.0)

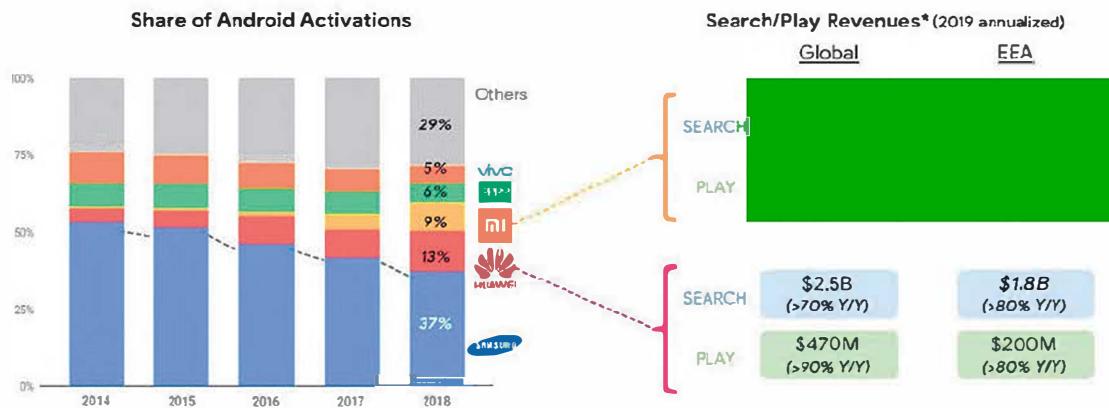
### GDAF Expected Case

- % of Distribution Revenue under RSA increases to [REDACTED] % either at historical trend or within 3 years of current RSA expiry, whichever comes first
- OEMs**
  - TAC Rate of [REDACTED] for Optimized and [REDACTED] GFWD for most [REDACTED] GFWD for Xaomi, Sony, and Asus)
  - Enrollment between [REDACTED] GFWD for most partners
    - 100% GFWD in all geographies: Asus, HMD, Lenovo, LG, Sony
    - 100% Optimized in all geographies for TCL
    - 90% GFWD / 10% Optimized for all other Partners [REDACTED] for Xiaomi in IN/MD
  - Oppo / Vivo / Transsion expected to take Fallback #1 (8% search rate while still receiving Play revshare)
- Carriers**
  - TAC Rate [REDACTED] Optimized and 20% for GFWD
  - [REDACTED] Optimized, 10% GFWD
- KR and JP Carriers are also under consideration (if we decide to pursue RSA contracts with them)
  - Their potential revenue is represented by ~85% (steady state) of KR & JP revenue for Kyocera, Sharp, Lenovo, [REDACTED] and Sony devices
  - Their ramp is expected to be 5 years instead of 3 because of historically slow ramp time for past deals in [REDACTED]

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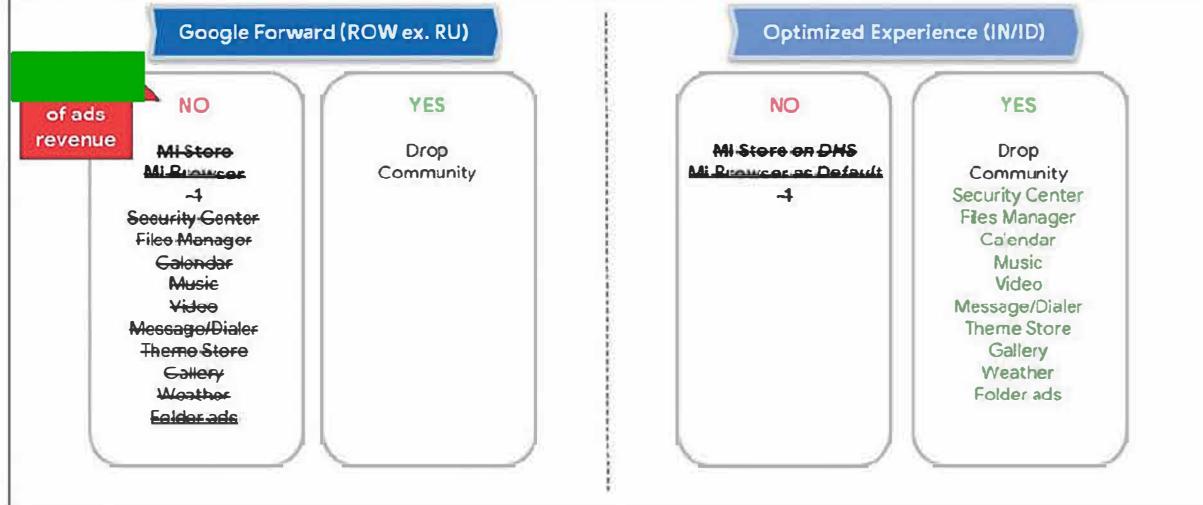
## Samsung lost share as Huawei and Xiaomi gained prominence with 22% of activations and [REDACTED] in revenues growing at >70% Y/Y



Source: Android Data; excluding China; Represent all Search and Play revenue flowing through Xiaomi/Huawei devices on all client\_ids

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## Chinese OEMs have significant overlap with GMS apps and are actively monetizing these apps through ads



\*Global UI has a team of 400

\*All apps listed are Xiaomi first party

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## Chinese OEM own apps are often getting substantially more traction on their devices than substitute GMS apps



### 3&4: We propose investing [REDACTED] in getting [REDACTED] devices promoting best Google experience on Android ([REDACTED] per device)

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#### Strategic Reasons

- Aligns rapidly growing CN OEMs with Google before they pass the pivotal moment in 1P services growth (e.g. Xiaomi generated [REDACTED] revenue from 1P services and ads in INID)
- Promotes Android and Google by advancing cleaner, more secure, fresher UX

-50% System crashes\*

+20% Battery efficiency\*

+40-50% GMS app usage uplift

2x

User NPS scores

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#### Efficiency

Per device\*\* and operational savings by consolidating standalone bounties:

- Xiaomi: GFD is [REDACTED] more expensive than app bounties, but adds Play, Clean UI, Photos, Gmail and Gcal protections
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- Clean devices are 15-20% more likely to attract iOS switchers (observed in Western Europe)

\* Xiaomi A-One devices vs. same-spec'd Xiaomi MiUI devices; \*\*Varies by button

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## So how do partner economics work? (Illustrative Example: Xiaomi in 2020)

